



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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Republican Unwillingness to Extend Unemployment Benefits Ignores the Reality of the Jobs Deficit

January 27, 2004

Dear Democratic Colleague,

As many as 450,000 unemployed workers exhausted their regular unemployment benefits during the last five weeks, only to find no help available from the federal government while they continue looking for work. That is because Republicans allowed the Temporary Extended Unemployment Compensation (TEUC) program to expire at the end of December, despite urging from Democrats to continue the program. Republicans argued that the program is no longer necessary because the economy is improving. The Republican argument ignores the fact that encouraging signs of economic growth in recent months have not translated into meaningful job growth.

As a result of Democratic leadership, Congress created TEUC in March 2002 to provide 13 extra weeks of benefits for workers whose regular state unemployment benefits ran out before they were able to find a job. At the time TEUC was created, the unemployment rate was 5.7 percent, and the economy had lost a net 2.0 million jobs since President Bush took office. In December 2003, when Republicans said the program was no longer necessary, the unemployment rate was again 5.7 percent, and the economy had lost a net 2.3 million jobs. The past five months have seen net job gains averaging 56,000 jobs a month. However, this rate of job creation is not nearly enough to keep up with average growth in the working-age population (estimated at 150,000 a month).

The shortage of jobs translates into longer unemployment spells. Experts estimate that every week, between 80,000 and 90,000 jobless workers exhaust their regular unemployment benefits and remain jobless. These workers will need extended unemployment benefits until this economy generates many more new jobs. Republicans' unwillingness to continue TEUC shows an indifference to the plight of jobless workers in this still-weak job market.

Sincerely,

/s

John M. Spratt, Jr.

Ranking Democratic Member